

FOR CAREER COLLEGE STUDENTS

# FUND *Your* FUTURE<sup>®</sup>

MONEY FOR COLLEGE

for school year

2008  
2009





# Looking ahead to college but need



*with the costs?*

Whether you're seeking a vocational certificate or a college degree, there's money to help pay for your education.

You should first check out grants, scholarships and other free money that you don't have to repay.

Also, explore work-study and student employment opportunities that let you earn money for college, military and veteran benefits, tax credits, and other options. In addition, ask if your school offers a plan that lets you spread your payments over the school year.

If you need to borrow, look into a federal student loan. Federal student loans offer low interest rates, along with other benefits. You can get a federal student loan regardless of your income and assets—and there's no credit check.

Applying for financial aid is *free*—simply complete the Free Application for Federal Student Aid.

## Tip

Financial aid covers more than tuition, fees and books. Federal Pell Grants, federal Stafford loans and other student aid can also help you pay for rent, food, transportation costs and other living expenses. What's more, you don't have to attend school full time to get financial aid.

**GRANTS** are money you don't have to pay back and are usually based on financial need.

**SCHOLARSHIPS** are also free money for college and are usually based on your area of study or merit, such as good grades, special talents or community service.

**WORK-STUDY OR STUDENT EMPLOYMENT PROGRAMS** let you earn money for college in a job on or off campus.

**LOANS** are borrowed money that you must repay, usually with interest.

## A LOOK AT

# The Basics

Most financial aid is awarded based on your financial need, which is also known as your financial aid eligibility. Your financial need is the difference between your college costs and your expected family contribution.

$$\begin{array}{rcl} & \text{Your college costs} & \\ - & \text{Your expected family contribution} & \\ \hline = & \text{Your financial need} & \end{array}$$

## Start With the FAFSA

You apply for most financial aid by completing the Free Application for Federal Student Aid. The FAFSA asks for information about you, your family, your finances and your college plans.

The fastest and easiest way to complete the FAFSA is online at **[www.fafsa.ed.gov](http://www.fafsa.ed.gov)**, but there's also a paper form that you can get by calling toll free 800.4FED.AID (800.433.3243). Both versions are available in English and Spanish.

Many career colleges and vocational programs have year-round admissions and rolling starts, so be sure to check with each college's financial aid office for more information about applying for financial aid and the deadlines.



# Get Free Help

There's plenty of free help—you should never have to pay for the FAFSA or to have it completed for you.

## ON THE WEB

Find built-in help for each question at [www.fafsa.ed.gov](http://www.fafsa.ed.gov) or click on the Live Help button located inside each page. Filling out the paper FAFSA? Go to [www.studentaid.ed.gov/completefafsa](http://www.studentaid.ed.gov/completefafsa).

## PHONE

Call toll free 800.433.3243 Monday through Friday up to midnight (Eastern Time) and extended hours on the weekend—or 319.337.5665 if you don't have access to toll-free numbers (TTY 800.730.8913).

## IN PERSON

Ask your school for help or attend your school's financial aid workshop. Also, look into attending a free College Goal Sunday workshop where you can get help completing the FAFSA. For dates and locations, go to [www.collegegoalsundayusa.org](http://www.collegegoalsundayusa.org).

## Your College Costs

Each college has its own student budget or cost of attendance, which includes tuition, fees, books, supplies, and room and board, if provided by the school.

## Your Expected Family Contribution

After you submit the FAFSA, you'll receive your Student Aid Report, a summary of your FAFSA information. It will also list your expected family contribution, or EFC—the amount of money the government believes you could reasonably contribute toward your education for the year based on your FAFSA responses.

## Your Financial Aid Offer

After determining your eligibility for financial aid, your college will put together a financial aid package, including the terms and conditions of any grant, loan or work-study you may be offered. Keep in mind that you don't have to accept all parts of your financial aid package.

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# Free Money for College

## Federal Pell Grant

Pell Grants are awarded to every student who qualifies and may be used at any qualifying college in the country. Awards range from \$400 to \$4,800 a year. The amount of your award will depend on your financial need, your college costs and whether you attend full time, half time or less than half time.

## Federal Supplemental Educational Opportunity Grant

If you have exceptional financial need and are eligible for a Pell Grant, you may receive this grant of \$100 to \$4,000 a year. Keep in mind that not all colleges offer this grant and few students receive the top award amount.

## Federal Academic Competitiveness Grant

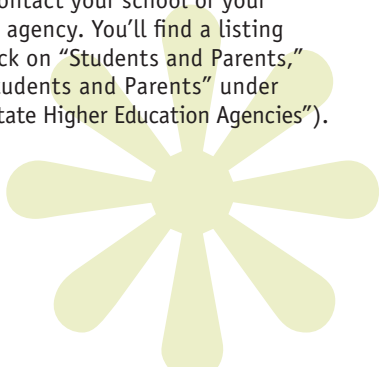
If you're eligible for a Pell Grant and successfully complete a rigorous high school program, you may also qualify for an Academic Competitiveness Grant of up to \$750 for your freshman year and up to \$1,300 for your sophomore year.

## National SMART Grant

The National Science and Math Access to Retain Talent Grant provides up to \$4,000 for each of your junior and senior years of college if you're eligible for a Pell Grant and are majoring in physical, life or computer sciences, math, engineering or certain foreign languages.

## State Grants

For information on grants and other financial aid offered by your state, contact your school or your state's higher education agency. You'll find a listing at **[www.edfund.org](http://www.edfund.org)** (click on "Students and Parents," select "Web Links for Students and Parents" under "Questions," and then "State Higher Education Agencies").





## Grant for Foster Youth

If you are or were in foster care, you may be eligible for up to \$5,000 a year for vocational training or college on top of any other aid you may receive. To learn more about the Chafee education grant, contact your school, caseworker or county independent living program coordinator, or go to [www.statevoucher.org](http://www.statevoucher.org).

## Byrd Honors Scholarship

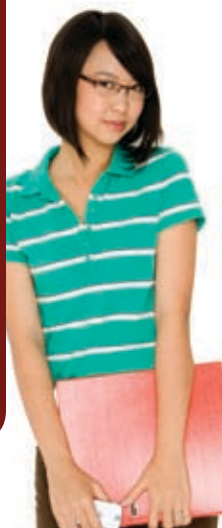
Robert C. Byrd Honors Scholarships of \$1,500 a year for up to four years recognize academically outstanding high school seniors who show promise of continued achievement in college. Applications are available at your high school.

## Dependent OR Independent?

Whether you're a dependent or an independent student will determine whose financial information you'll need to report on the FAFSA, and in turn, the types and amounts of financial aid you may be eligible to receive.

You're considered an independent student if at least one of the following situations describes you—not whether you live on your own, or if your parents no longer list you as a dependent on their tax return or feel it's not their responsibility to help you pay for college:

- You were born before January 1, 1985.
- You'll be working on a master's or doctorate degree or graduate certificate in the fall of 2008.
- You're married as of the date you complete the FAFSA.
- You have children who receive more than half of their support from you.
- You have dependents other than your spouse or children who live with you and who receive more than half of their support from you.
- Both your parents are deceased, or you're a ward or dependent of the court or were one until age 18.
- You're a veteran of the U.S. Armed Forces (or will be a veteran as of June 30, 2009), or you attended a service academy and were released under a condition other than dishonorable.
- You're currently serving on active duty (other than training) in the U.S. Armed Forces.



## Important Things

### TO KNOW ABOUT FEDERAL AND STATE AID

To qualify for most federal and state student aid, you must:

1. Submit the FAFSA
2. Submit any other forms or applications that may be required
3. Demonstrate financial need (except for the unsubsidized federal Stafford student loan and the federal PLUS loan)
4. Have a high school diploma or its equivalent, complete a high school education in a home-school setting approved by your state or pass an "ability to benefit" exam approved by the U.S. Department of Education (for federal aid)
5. Be a U.S. citizen or an eligible noncitizen
6. Be a state resident (for most state aid)
7. Enroll in an eligible degree or certificate program approved by the U.S. Department of Education (correspondence courses must be part of a degree program)
8. Maintain satisfactory academic progress according to your school
9. Have a Social Security number (unless you're from the Marshall Islands, the Federated States of Micronesia or the Republic of Palau)
10. Register with the U.S. Selective Service (males ages 18-25)

To learn more, go to [www.federalstudentaid.ed.gov](http://www.federalstudentaid.ed.gov).

## Work-Study

Through federal, state and college work-study or student employment programs at selected colleges, you can earn money in certain jobs on or off campus to help pay for college. To learn more, contact your college's financial aid office.





# Federal Loans: The Smart Way to Borrow

If you need to borrow for college, first look into a federal student loan. Your interest rate will be low and you'll have up to 10 years to repay, along with other benefits. What's more, you won't have to start paying back your loan until six months after you graduate.

There are also federal loans for parents and graduate students. Not all colleges offer all the federal loans, so be sure to check with your college's financial aid office.

Many lenders also offer private loans if you have reached the borrowing limits for federal loans, but keep in mind private loans usually have higher interest rates and fewer benefits.

## Federal Stafford Loans

Federal Stafford loans are for students at all types of colleges who attend at least half time. After graduating, leaving school or enrolling less than half time, you'll have six months before your first loan payment is due. There are two kinds of Stafford loans—subsidized and unsubsidized.

**Subsidized Stafford loans** are for students with financial need. The federal government pays the interest on your subsidized loans while you're in school and during the first six months after you graduate.

**Unsubsidized Stafford loans** are for all eligible students, regardless of income or assets. You're responsible for paying all the interest that accrues, even while you're in college, but you can defer your interest payments until after you graduate.

The interest rate is fixed at 6.8 percent. Starting July 1, 2008, for new subsidized loans taken out for undergraduate study, the rate will gradually drop for new loans each year until 2012 when the rate will return to 6.8 percent. Origination or default fees of up to 2 percent may be deducted from each loan disbursement.

You can borrow up to \$7,500 a year as a freshman, up to \$8,500 as a sophomore and up to \$10,500 each year as a junior and senior, depending on your college costs, your expected family contribution, your enrollment and dependency status, and the other financial aid you receive.

## Federal Perkins Loan

If you have exceptional financial need and attend a participating college, you could receive a federal Perkins loan. You'll pay no interest while you're in school and have up to nine months after graduating before you must begin repaying your loan at 5 percent interest. Depending on when you apply, your financial need and available funds, you may borrow up to \$4,000 for each year of undergraduate study. Perkins loan funds are usually very limited, so few students receive the top award amount.

## Federal PLUS Loans

Federal Parent PLUS loans help your parents and stepparents (but not your legal guardians) pay for your college. To apply, your parents must complete the PLUS loan application and meet credit eligibility requirements or have a qualifying co-signer.

If you're a graduate or professional student, you can take out a federal Graduate PLUS loan. To apply, you must submit the FAFSA, meet credit eligibility requirements or have a qualifying co-signer, and complete the PLUS loan application. In addition, your college must determine your federal Stafford loan eligibility.

The interest rate for federal PLUS loans is fixed at 7.9 percent or 8.5 percent, depending on the loan program and college. Interest starts to accrue immediately. You can borrow up to the total cost of your education, less any other financial aid you receive. Repayment starts within 60 days after the last disbursement, but you can postpone payments while you're in school.

### Tip

Look into federal tax benefits. You may be able to deduct the interest you pay on your student loans or qualify for a tax credit for tuition and other qualified college costs. For more information, go to [www.irs.gov/publications/p970/index.html](http://www.irs.gov/publications/p970/index.html) or contact your tax advisor.



## Private Loans

If you still need money for college after reaching the borrowing limits for federal loans, look into other options. If you (or your parents) own a home, you may want to consider a home equity loan or line of credit. You may be able to deduct the interest you pay from the taxes you owe—and the interest rate may be lower than the interest rate for a private loan.

Private loans often carry higher interest rates and fees than federal loans or home equity loans, and may have less attractive repayment terms. Typically, the interest rates on private loans are variable and could change from month to month. Generally, private loans are based on your credit rating and income-to-debt ratio—not financial need—and may require a co-signer. The information in your credit report will determine your loan’s interest rate.

A number of lenders offer private loans. Be sure to ask questions and compare lenders to make the best choice for you.

### LOOKING FOR A PRIVATE LOAN? QUESTIONS TO ASK:

- What’s the interest rate? Fixed or variable? If variable, how often will it be adjusted? When does interest capitalize and how often?
- Is there a maximum amount you can borrow? Can you borrow more than the cost of your education?
- Is a co-signer required? Will having a co-signer lower the interest rate?
- Is there an application fee? Are there any disbursement or repayment fees?
- Is the loan check payable to you or your college? How long does it take to receive funds?
- Are there reduced interest rates for on-time payments?
- What will your minimum payment be? When does repayment begin? How long do you have to repay? Is there a prepayment penalty?
- Will you get one bill for all your private loans? Can your private loan bills be combined with your federal loan bills?
- Will your payments be deferred while you’re in school? If so, will interest continue to accrue?
- What happens if you can’t make your payments due to a job loss or other economic hardship? Do you have any deferment or forbearance options?



## WHAT DOES IT MEAN TO ACCEPT A LOAN?

**Is the college or program a good investment?** You have the right to ask a college about its tuition and refund policies, academic and training programs, financial aid programs, faculty and facilities, and its graduates' success in finding a job. You can ask how many students complete their programs at the college and how many of them transfer or drop out. Talk to current and former students, and take a tour of the college. Choose the school that's best for you.

**Does your loan make good financial sense?** Some jobs and careers are more stable or higher paying than others. Learn more about hundreds of jobs in the federal *Occupational Outlook Handbook*, available in libraries or online at [www.bls.gov/oco](http://www.bls.gov/oco).

**Are there other options?** Check out other ways to pay for college or cut costs. Explore military and veteran benefits, fee waivers, federal tax benefits, tuition payment plans, AmeriCorps, work-study opportunities and part-time work.

**What are the true costs of your loan?** It usually costs money to borrow money. Make sure you know the true cost of your loan. In addition to interest charges, origination or federal default fees may be taken out of each loan disbursement. If you don't make your loan payments on time, you may be responsible for late fees or collection costs.

**Can you repay it?** Before applying for a loan, determine how much you can afford to repay. Estimate your monthly payments and other expenses, and what you can expect to earn. To find out more, go to [www.edwise.org](http://www.edwise.org) and [www.studentdebthelp.org](http://www.studentdebthelp.org).

**What are your rights and responsibilities?** When you accept a loan, you accept legal and financial responsibilities that last until the loan is repaid. You'll sign a promissory note, which is a legal contract between you and your lender. It's a promise to repay the amount you borrow and an agreement to the terms and conditions of your loan. Before signing, be sure you understand all of your rights and responsibilities.

### Tip

Always stay in touch with your lender (or loan servicer).

You may be surprised to know that failing to update mailing addresses is one of the leading causes of loan default.

## REPAYING YOUR LOAN

When it comes time to pay back your federal loan, there are four repayment plans, including payments that stay the same each month, payments that rise gradually, payments that are tied to your income, and payments that extend over a longer period of time. The most common choice is the standard plan where your payments stay the same each month. Usually, you'll have up to 10 years to repay.

## What's Ahead? Making Repayment Easier

Here are six tips to keep in mind:

### **Simplify loan repayment by staying with one lender.**

Many lenders offer loans and their lending policies may differ. Remaining with the same lender for any additional loans may keep your payments more manageable by minimizing your paperwork. When you enter repayment, your loans will be combined so you'll have only one bill and one payment each month.

**Pay as you go.** Deferring interest payments on your loans may be attractive in the short run, but you'll pay more in the long run. Paying as little as \$20 each month while you're in school will reduce the total interest you pay.

**Always make your loan payments on time.** By doing so, you'll develop a good credit history, which will follow you wherever you go and whatever you do.

**Sign up to have your loan payments taken directly from your bank account.** Many lenders offer reduced interest rates if you make automatic payments and always pay on time.

### **Let your lender know if you can't make your payments.**

If you fall behind in your payments, your delinquency most likely will be reported to a national credit reporting agency, which could damage your credit rating, making it harder and more expensive if you want to finance a car, home or more education later. If you're having trouble repaying your loan, you may want to change your repayment plan, consolidate or combine your loans, or look into a deferment or a forbearance to temporarily postpone, reduce or extend your payments.

**Don't default.** If you don't repay your loans, you'll face serious consequences. First, you'll lose the privilege of making monthly payments; the entire amount of your loans will become due. You'll no longer be eligible to receive any more federal financial aid (grants or loans). A portion of your paycheck or tax refund may be taken to pay back your loans. You may be hit with collection costs, you may not be eligible for certain government jobs and you'll damage your credit rating.

# Your Monthly Payment

Borrow conservatively, budget wisely and plan ahead. Knowing the monthly payments for the amount you borrow is a great start.

INTEREST RATE		6.80%		8.50%	
TOTAL AMOUNT BORROWED	NO. OF PAYMENTS	PAYMENT	TOTAL INTEREST	PAYMENT	TOTAL INTEREST
\$ 3,000	70	\$ 52	\$ 643	\$ 55	\$ 816
5,000	120	58	1,905	62	2,439
8,000	120	92	3,407	99	3,903
10,000	120	115	3,810	124	4,879
16,000	120	184	6,096	198	7,806
20,000	120	230	7,619	248	9,756
25,000	120	288	9,524	310	12,195
35,000	120	403	13,334	434	17,074
45,000	120	518	17,143	558	21,953
60,000	120	690	22,858	744	29,269

## Jobs That Help You Repay Loans

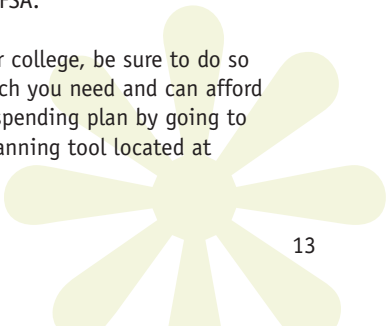
Some jobs give you a paycheck and help you pay down your student loans. For more information on federal loan forgiveness for teachers, child care providers, nurses, community service volunteers and others, go to [www.federalstudentaid.ed.gov](http://www.federalstudentaid.ed.gov).





## To-do Checklist

- ☐ Browse the Web for college planning tips and financial aid information. Talk to your college's financial aid office about your plans.
- ☐ Explore scholarships offered by local community organizations and businesses.
- ☐ Keep a calendar of important deadlines for college admission and financial aid.
- ☐ Research military and veteran benefits, fee waivers, federal tax benefits, tuition payment plans, AmeriCorps and work-study opportunities.
- ☐ Apply for a Social Security number, if you don't already have one, by going to **www.ssa.gov** or calling 800.772.1213 (TTY 800.325.0778). You'll need one to apply for most financial aid.
- ☐ Apply for a Federal Student Aid personal identification number, or PIN, at **www.pin.ed.gov** so you can electronically sign the online FAFSA.
- ☐ Submit the FAFSA online at **www.fafsa.ed.gov** and provide the required e-signatures and an e-mail address for faster processing. Complete the FAFSA on the Web Worksheet ahead of time, so you'll have all the information you need in front of you.
- ☐ Keep a copy of your FAFSA, all worksheets and financial records. Your college may ask to see them.
- ☐ Submit any additional applications or information your college may require.
- ☐ Review your Student Aid Report, which you'll receive after submitting your FAFSA.
- ☐ If you'll be borrowing for college, be sure to do so wisely. Estimate how much you need and can afford to repay, and prepare a spending plan by going to EdWISE®, the financial planning tool located at **www.edwise.org**.



# Web Sites That Click

## Planning and Paying for College

- College Costs and More  
<http://collegenavigator.ed.gov>
- Federal Loans and Grants  
[www.federalstudentaid.ed.gov](http://www.federalstudentaid.ed.gov)
- Federal Loans—Borrow Smart  
[www.edfund.org](http://www.edfund.org)
- Going 2 College  
[www.going2college.org](http://www.going2college.org)
- Mapping Your Future  
[www.mapping-your-future.org](http://www.mapping-your-future.org)
- U.S. Citizenship  
[www.uscis.gov](http://www.uscis.gov)

## Private Scholarships

- African American Scholarships  
[www.uncf.org](http://www.uncf.org)
- Asian American Scholarships  
[www.apiasf.org](http://www.apiasf.org)
- Free Scholarship Directories  
[www.fastweb.com](http://www.fastweb.com)  
[www.srnexpress.com](http://www.srnexpress.com)  
[www.collegeboard.com/pay](http://www.collegeboard.com/pay)
- Gates Millennium Scholarships  
[www.gmsp.org](http://www.gmsp.org)
- Latino Scholarships  
[www.hispanicfund.org](http://www.hispanicfund.org)  
[www.latinocollegedollars.org](http://www.latinocollegedollars.org)  
[www.scholarshipsforhispanics.org](http://www.scholarshipsforhispanics.org)
- Native American Scholarships  
[www.oiep.bia.edu](http://www.oiep.bia.edu)  
[www.collegefund.org](http://www.collegefund.org)
- Scholarship Fraud  
[www.ftc.gov/scholarshipcams](http://www.ftc.gov/scholarshipcams)

## Other Options

- AmeriCorps  
[www.americorps.gov](http://www.americorps.gov)
- Chafee Grants for Foster Youth  
[www.statevoucher.org](http://www.statevoucher.org)
- Military Scholarships  
[www.todayismilitary.com](http://www.todayismilitary.com)
- Students with Disabilities  
[www.heath.gwu.edu](http://www.heath.gwu.edu)
- Tax Benefits for Higher Education  
[www.irs.gov/publications/p970/index.html](http://www.irs.gov/publications/p970/index.html)
- Veteran Education Benefits  
[www.gibill.va.gov](http://www.gibill.va.gov)

## Personal Finance

- Careers  
[www.careervoyages.gov](http://www.careervoyages.gov)
- EdWise  
[www.edwise.org](http://www.edwise.org)
- Employment Trends  
[www.bls.gov/emp](http://www.bls.gov/emp)
- Identity Theft  
[www.ftc.gov/idtheft](http://www.ftc.gov/idtheft)  
[www.idtheftcenter.org](http://www.idtheftcenter.org)
- Managing Your Money  
[www.mymoney.gov](http://www.mymoney.gov)

## Tip

Federal student loans are designed to simplify your life, not complicate it. Your rights include a grace period before your loan payments begin, the option to prepay your loans without penalty, and the opportunity to request a deferment or forbearance to postpone or reduce your payments if you have a financial hardship or return to school.